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SUBJECT: MALAWI: GLOBAL HUNGER AND FOOD SECURITY INITIATIVE
DIPLOMATIC STRATEGY

REF: SECSTATE 124059

Summary

¶1. Summary: One of the poorest countries in the world and highly vulnerable to food shortages, Malawi is an appropriate target for the Global Hunger and Food Security Initiative. The Mission plan is based on three pillars (assistance, direct diplomacy, and public diplomacy), and will engage all USG agencies active in Malawi along with other development partners. While USAID-administered assistance programs will constitute the bulk of Mission activities, we will complement those assistance efforts with private diplomatic efforts to emphasize policy reform messages and public diplomacy to convey broader messages and influence opinion. End summary.

The Malawi Context

¶2. With a per-capita income of USD 836 (IMF), Malawi ranks as one of the world's dozen poorest countries. Already the sixth most densely populated country on the African continent, Malawi's birth rate of over 40 per 1000 (16th globally) places continuing pressure on its ability to feed itself. The Government of President Bingu wa Mutharika has made food security its highest priority since taking office in 2004, a year when drought left over 4.5 million Malawians in need of food aid. Even after four consecutive years of crop surpluses, the country's food security situation remains fragile. Malawi's economy is still overwhelmingly dependent on rain-fed agriculture, leaving it vulnerable to drought or other weather shocks. With little industry, Malawi cannot buy its way out of crisis, since its ability to generate income depends heavily on cash crops (tobacco, tea, cotton, coffee) subject to the same weather shocks as its food crops.

¶3. The GOM is investing 13% of its 2009/2010 national budget to address agriculture and food security related issues, compared to the Comprehensive Africa Agriculture Development Program (CAADP) target of 10%. The GOM's Agriculture Development Program (ADP) lays the foundation for a harmonized and country-owned strategy, linked to the CAADP and Global Hunger and Food Security Initiative (GHFSI) objectives. ADP is an agreement between the GOM and donors on a harmonized agriculture strategy and investment plan. The ADP, however, languished for several months in 2009 without action, and has only recently been accepted by Cabinet, with some qualifications. President Mutharika recently announced the launch of the "Greenbelt Initiative" (GBI) promoting irrigation and better soil management as part of his push to improve agricultural productivity.

¶4. President Mutharika's signature agricultural input subsidy program (AISP) has been widely praised as having contributed to a dramatic improvement in food security. The high cost of the program makes its long-term sustainability doubtful for a country dependent on donor assistance for 30 to 40 percent of its annual budget. Less

than transparent application of the AISP and restrictions on private sector participation in the program hinder private sector growth and limit the overall impact of investments in the agricultural sector.

¶5. GOM interventions in agricultural markets go beyond the AISP to include establishment of minimum prices for Malawi's major cash crops - tobacco and cotton. During the past year, the Government expelled four executives of international tobacco firms for failing to pay the mandated prices. Just a few months later, Malawi's largest cotton buyer, Cargill, pulled out of the country altogether after determining that it could not justify paying the GOM-set cotton price.

Major Objective

¶6. Addressing policies that constrain or disrupt market activities and inhibit sustainable investment in the agricultural sector will be a major objective for the GHFSI in Malawi. In particular, a key goal will be to increase private sector investment in agriculture and unlock the increased tax revenue, foreign exchange, and growth that participation generates.

GHFSI Assistance Programming

¶7. One pillar of the GHFSI effort in Malawi will be USAID-administered development assistance activities. These investments are described in detail in USAID's Global Hunger and Food Security Implementation Plan. Having worked closely with the GOM on the development of its ADP, USAID has designed its GHFSI implementation plan to support the principles of that country-led

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program. The GHFSI plan will focus on six core areas.

- a. Increased Agricultural Productivity: GHFSI projects will promote increased access to irrigation, credit, technology and markets by agricultural producers, strengthen organization and capacity of producer associations, and support bulking and market linkages at local, national and regional levels to increase productivity at all levels of the agricultural value chain.
- b. Increased Trade and Reduced Barriers to Market Access: GHFSI programs will help producers associations to access national and intra-regional agricultural markets, stimulating growth in both export and import-substituting production.
- c. Sound Market-Based Principles for Agriculture: GHFSI programs, through support and advocacy with the GOM and civil society, will promote evidence-based agricultural policies to reduce risk and improve the ability of farmers and the private sector to efficiently plan production.
- d. Accelerate Participation of the Ultra Poor in Rural Growth: GHFSI projects are designed to graduate 'vulnerable yet viable' households into sustainable producers in mainstream commodity markets.
- e. Reduce Under-Nutrition: GHFSI programs will improve the nutritional status of households with special attention to pregnant and lactating women and children under five, increasing the overall health and productive capacity of the population.
- f. Increase the Impact of Humanitarian Assistance: GHFSI programs will support vulnerability monitoring and assessment, as well as policy-making capacity to increase the impact of humanitarian assistance and improve the GOM capacity to utilize a sophisticated range of mechanisms against famine.

¶8. USDA Title II Food for Progress and Dole-McGovern funded programs supporting school-feeding, agriculture associations, and microfinance programs will be integrated to leverage these broad GHFSI focus areas. Additionally, Peace Corps programs in Malawi include a substantial environmental element; the Mission GHFSI team

will coordinate to identify and implement potential synergies with these volunteers.

Direct Diplomatic Engagement

¶9. To improve a broad policy environment that sometimes constrains or disrupts market activities and inhibits sustainable investment in the agricultural sector, direct diplomatic engagement will be key. The Ambassador, USAID Director, and other senior Mission officers regularly discuss these issues with their Malawian counterparts and donor colleagues. We will expand that effort in a systematic way by engaging key GOM officials and civil society and private sector leaders with GHFSI messages.

¶10. The Ambassador and senior Embassy officers will promote GHFSI principles and objectives through their participation in the monthly heads of mission meetings of donor country representatives. These meetings address higher level policy issues, as well as technical issues not resolved at lower levels.

¶11. USAID will incorporate the GHFSI agenda into its participation in the heads of co-operating partners' forum, newly formed to discuss donor coordination, harmonization, development assistance strategy and relevant technical issues. This forum will provide the Mission another opportunity to work toward achieving a common donor position on needed agricultural policy reforms.

¶12. In line with the Paris and Accra principles on the coordination and harmonization of assistance with country-led plans, and the Malawi Development Assistance Strategy (DAS), the GOM is in the process of establishing an Agricultural Sector Working Group (AgSWG). The AgSWG will be co-chaired by the Permanent Secretary of Agriculture and a rotating representative from the donor community, and will constitute the principle mechanism for coordinating efforts to implement Malawi's ADP. Experience implementing the MCC Threshold Program demonstrated the utility of a task force approach in engaging the GOM, the USG and the broader donor community. The Mission will use its participation in the AgSWG to advance GHFSI objectives and ensure that USG efforts are in line with the overall agricultural development agenda in Malawi. Although the GOM and the donor community, through its experience with the health sector, have some familiarity with sector working groups, the new AgSWG is still at the embryonic stage. The Mission anticipates that considerable effort and resources, including technical assistance and capacity

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building, will be needed to make it a fully effective.

¶13. Also at the working level, USAID plays a central role in Donor Committee for Agriculture and Food Security (DCAFS), which holds monthly meetings to discuss coordination of donor efforts, and a second meeting each month with the GOM Permanent Secretary for Agriculture. Despite uneven donor commitment to press for agricultural reform, and limited institutional strength, DCAFS still represents the best available venue for promoting the GHFSI agenda to all of the stakeholders in Malawi's agricultural sector.

Public Diplomacy Activities

¶14. As the third pillar of the Mission-wide GHFSI diplomatic strategy, we will design and implement public diplomacy and outreach efforts to inform the public regarding GHFSI activities. Our programs will seek to inspire public interest in encouraging Malawian leaders to address the necessary policy issues that constrain agricultural development.

¶15. Our public diplomacy tools will include direct outreach initiatives such as Ambassadorial op-ed placements, press releases highlighting particular assistance activities, press interviews, and programs with targeted audiences using visiting experts or digital video conferences. We will also use less direct public outreach tools such as International Visitor Leadership Programs and academic training opportunities for key up-and-coming officials and civil society leaders.

Mission Coordination

¶16. The Mission will establish an overarching Food Security Oversight and Coordinating Committee, chaired by the Deputy Chief of Mission, to coordinate Mission-wide GHFSI activities. USAID will take the lead in coordinating GHFSI assistance activities, with collaboration and support from the Embassy. USAID will designate a GHFSI Country Coordinator to be responsible for the coordination of GHFSI assistance activities in country. The GHFSI Country Coordinator will lead monthly meetings with representatives from all USG agencies involved to ensure that information is shared and efforts are coordinated across agencies. The Country Coordinator will produce a monthly activity report and provide regular briefings to the Food Security Oversight and Coordinating Committee.

Comment

¶17. Notwithstanding a sometimes challenging policy environment, Malawi is ideally suited to benefit from GHFSI. Given Malawi's historic vulnerability to food shortages, nutrition challenges, fertile soil, abundant water, and a close cultural connection to the productivity of the land, the stage is set for Malawi to benefit significantly from this U.S.-led food security initiative.

¶18. The U.S. Mission in Malawi enjoys good working relationships and cooperation between all USG agencies resident in country and across all sectors of our engagement. The Mission's Health team, for example, with contributions from State, USAID, CDC and the Department of Defense, has been recognized as a model of interagency cooperation and effectiveness. With similar Mission-wide coordination and a strategy that includes 1) a carefully designed assistance implementation plan, 2) regular diplomatic engagement at all levels of government and civil society, and 3) consistent public outreach with GHFSI messaging, a U.S.-led food security initiative in Malawi will make real progress.

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